

SUPPLEMENTAL NOTICE OF FINAL AGENCY ACTION

SUBJECT: MassHealth: Pay-for-Performance (P4P) Payment Methods for Acute Hospitals, effective June 16, 2008

AGENCIES: Massachusetts Executive Office of Health and Human Services, Office of Medicaid

INTRODUCTION

The following describes and summarizes changes to the Pay-for-Performance Initiative (P4P) payment methodology for inpatient services provided by in-state acute hospitals. A complete description of the rate year 2008 (RY2008) MassHealth acute hospital inpatient and outpatient payment methods and rates are available at www.mass.gov/masshealth (click on the link to “MassHealth Regulations and Other Publications” and the link to “Special Notices for Hospitals). For further information regarding RY2008 payment methods and rates, you may contact Kiki Feldmar at the Executive Office of Health and Human Services, Office of Acute and Ambulatory Care, 600 Washington Street, 6th Floor, Boston MA, 02111.

DESCRIPTION OF THE PAYMENT METHOD

Pay-for-Performance (P4P) Payment Methods

EOHHS makes payments to qualifying hospitals under its P4P initiative. Currently, acute hospitals that adhere to EOHHS’s quality standards and achieve performance benchmarks as specified in the Acute Hospital Request for Applications and Contract and Technical Specifications Manual, may receive P4P payments.

Effective June 16, 2008, EOHHS is amending the P4P methodology by using Individual Measure rate calculations for all measure rate calculations, rather than using Individual Measure Rate calculations for some measures and a Composite Rate calculation for other measures. Additionally, there are two corrections. The description of the calculation of the Total Performance Score ratio is corrected in that the ratio will be obtained by dividing the higher of the attainment points or the improvement points by the total eligible points, not by 10 as originally written. A listing of newly reported measures eligible for pay-for-reporting is corrected to delete the reference to pneumonia measures, which were reported in RY07 and therefore are not newly reported in RY08.

JUSTIFICATION

EOHHS is modifying the P4P payment method to more closely align with the Centers for Medicare and Medicaid (CMS) pay for performance method described in the CMS Value-Based Purchasing Options paper, November 2007. This modification will not result in any change in the total RY2008 P4P payment amount to all qualifying hospitals.

The proposed change to hospital payment rates and methods is in accordance with state and federal law and within the range of reasonable payment levels to acute hospitals.

GENERAL INFORMATION

There is no aggregate increase or decrease in annual payments to hospitals due to this change.

Statutory Authority: M.G.L. ch.118G; M.G.L. ch.118E; St. 2006, ch.58; St. 2007, ch.61; 42 USC 1396a; 42 USC 1396b;

Related Regulations: 130 CMR 415, 450; 114.1 CMR 36.00; 42 CFR Part 447.